

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

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SECURITIES AND EXCHANGE COMMISSION, )  
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  )  
Plaintiff,                                 )  
  )  
v.   )      Case No. 1:14-civ-11858-NMG  
  )  
  )  
TELEXFREE, INC.,                             )  
TELEXFREE, LLC,                             )  
JAMES M. MERRILL,                             )  
CARLOS N. WANZELER,                         )  
STEVEN M. LABRIOLA,                         )  
JOSEPH H. CRAFT,                             )  
SANDERLEY RODRIGUES DE VASCONCELOS, )  
SANTIAGO DE LA ROSA,                         )  
RANDY CROSBY and                             )  
FAITH R. SLOAN,                             )  
   )  
Defendants,                                     )  
   )  
and   )  
   )  
TELEXFREE FINANCIAL, INC.,                     )  
TELEXELECTRIC, LLLP and                         )  
TELEX MOBILE HOLDINGS, INC.,                     )  
   )  
Relief Defendants.                             )  
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**DECLARATON OF SCOTT STANLEY, ESQ.**

Scott Stanley, Esq. hereby declares, pursuant to 28 U.S.C. §1746, that the following is true and correct:

1. I am employed as Senior Counsel in the Enforcement Division of the Boston Regional Office of the United States Securities and Exchange Commission (“Commission”). I have been employed with the Commission since August 2008. My duties include conducting investigations relating to potential violations of the federal securities laws.

2. I make this declaration based upon my personal knowledge, or upon information provided to me by colleagues acting at my direction, as set forth below, and in support of the Commission's motion to hold defendant Sanderley Rodrigues de Vasconcelos ("Rodrigues") in contempt.

**Service of Asset Freeze Orders**

3. On April 16, 2014 the Court entered a Temporary Restraining Order, Order Freezing Assets, and Order for other Equitable Relief ("TRO and Asset Freeze") as to all defendants (Dkt. #13). Later that day, the Commission staff under my supervision faxed the order to banks and investment firms where the defendants were believed to have accounts.

4. On May 8, 2014, the Court entered a Preliminary Injunction, Order Freezing Assets, and Order for Other Equitable Relief ("PI and Asset Freeze") as to Rodrigues (Dkt. #89). Paragraph III.A extended the asset freeze. Later that day, the Commission staff faxed the order to the same banks and investment firms.

5. The TRO and Asset Freeze and the PI and Asset Freeze ordered Rodrigues to submit an accounting to the Commission. Rodrigues did not provide an accounting pursuant to either order. As a result, the Commission staff was not aware that several of his shell companies had accounts at BMO Harris Bank ("BMO Harris"). If he had submitted the accounting when originally required, the Commission staff would have learned about the BMO Harris accounts at that time. Instead, it took until April 14, 2015 – nearly one year – for the staff to find evidence of the accounts and notify BMO Harris about the Asset Freeze.

6. In December 2014, Rodrigues opened an account for one of his shell companies at SunTrust Bank. In April 2015, he opened an account for a different shell company at Regions Bank. On April 15, 2015, promptly after learning about the accounts, the Commission sent the

PI and Asset Freeze to both banks. On April 21, 2015, Rodrigues opened a personal account at CenterState Bank of Florida. On June 6, 2015, promptly after learning about the account, the Commission sent the PI and Asset Freeze to the bank.

**Entities over which Rodrigues Had Control**

7. On October 2, 2012, Rodrigues became the sole officer of VICSS, Inc. (“VICSS”), a Massachusetts corporation. **Exhibit 1** hereto is a true and accurate copy of the Statement of Change of Supplemental Information.

8. On February 7, 2013, WWW Global Business Inc. (“WWW Global”) was incorporated in Massachusetts. Rodrigues was identified as the incorporator and sole officer. **Exhibit 2** is a true and accurate copy of the Articles of Organization.

9. On August 26, 2013, SCZV LLC (“SCZV”) was organized in Delaware. Rodrigues was identified as the sole manager. **Exhibit 3** is a true and accurate copy of the Management Operating Agreement.

10. On October 9, 2013, Ayin Investments, LLC (“Ayin Investments”) was organized in Florida. SCZV has a 95% interest in the company. **Exhibit 4** is a true and accurate copy of the Management Operating Agreement.

11. Also on October 9, 2013, SMA Logistics, LLC (“SMA Logistics”) was organized in Florida. SCZV was identified as one of the managers. **Exhibit 5** is a true and accurate copy of the Articles of Organization.

12. On October 16, 2013, ZVX Investment Corp. (“ZVX Investment”) was incorporated on the island of Nevis. On November 15, 2013, it applied to do business in Florida, identifying Rodrigues and his wife as the only officers and directors. **Exhibit 6** is a true and accurate of the Application for Authorization to Conduct Business in Florida.

13. On November 8, 2013, JMJM Logistics LLC (“JMJM Logistics”) was organized in Florida. SMA Logistics was identified as one of the managers. **Exhibit 7** is a true and accurate copy of the Articles of Organization.

14. On February 28, 2014, Atlas Global Trust LLC (“Atlas Global”) was organized in Florida. ZVX Investment was identified as one of the managers. **Exhibit 8** is a true and accurate copy of the Articles of Organization.

15. On December 17, 2014, World Global Business Inc. (“World Global”) was incorporated in Florida. Rodrigues was identified as its officer and director. **Exhibit 9** is a true and accurate copy of the Articles of Organization.

16. On March 11, 2015, Atlantic Star USA Inc. (“Atlantic Star”) was incorporated in Massachusetts. Rodrigues was identified as the incorporator and sole officer. **Exhibit 10** is a true and accurate copy of the Articles of Organization.

### **Transactions involving Automobiles**

17. On September 13, 2013, WWW Global paid \$100,000 for a 2007 Lamborghini Gallardo sports car. **Exhibit 11** is a true and accurate copy of the Certificate of Title in the name of WWW Global. On April 25, 2014, WWW Global transferred the car to an individual named Daniel Filho as a “gift”. **Exhibit 12** is a true and accurate copy of the Bill of Sale. In March 2015, WWW Global received \$150,000 from DFRF Enterprises, LLC, a company controlled by Filho. **Exhibit 13** contains true and accurate copies of the two checks to WWW Global.

18. On April 29, 2014, WWW Global sold a 2007 Mercedes Benz CLS to a car dealer in Pompano Beach, Florida, for \$22,000. **Exhibit 14** is a true and accurate copy of the dealer’s check to WWW Global.

19. On May 8, 2014, WWW Global sold a 2005 Ferrari F430 sports car to a car dealer in Orlando, Florida. **Exhibit 15** is a true and accurate copy of the Bill of Sale. On May 23, the dealer paid \$79,700 to Joel Nunez, an individual named in a Power of Attorney concerning the Ferrari that Rodrigues had executed on April 25, 2014. **Exhibit 16** is a true and accurate copy of the dealer's check to Nunez. **Exhibit 17** is a true and accurate copy of the Power of Attorney.

20. On June 6, 2014, Rodrigues and his wife purchased a 2013 BMW X6 for \$59,621. **Exhibit 18** is a true and accurate copy of the Bill of Sale. Rodrigues used his MasterCard to make initial payments totaling \$41,000 toward the purchase of the car: (1) \$24,000 on June 6; (2) \$10,000 on June 11; and (3) \$7,000 on June 12, 2014. **Exhibit 19** contains true and accurate copies of the three credit card payments signed by Rodrigues.

### **Transfer of the Family Home**

21. On May 5, 2014, SCZV transferred the title to the Rodrigues family home in Davenport, Florida to an entity called Five Star Investments & Properties LLC ("Five Star") for \$100. (Rodrigues had purchased the house for \$425,000 in March 2013 and had transferred the title to SCZV in September 2013.) **Exhibit 20** is a true and accurate copy of the County Property Record Card.

22. Five Star was organized on April 30, 2014 in Florida, and Rodrigues was not identified as having any role with the company. **Exhibit 21** is a true and accurate copy of the Articles of Organization. At some point prior to April 8, 2015, one of Rodrigues's shell companies (Atlantic Star) became the manager of Five Star. **Exhibit 22** is a true and accurate copy of Five Star's Annual Report.

**Transfers of Other Real Estate**

23. On May 6, 2014, SCZV transferred a condominium at 5600 North Flagler Drive, West Palm Beach, Florida, to Five Star for \$10. **Exhibit 23** is a true and accurate copy of the Quit Claim Deed. SCZV had purchased the condominium for \$175,000 in October 2013. **Exhibit 24** is a true and accurate copy of the Warranty Deed.

24. On May 6, 2014, Ayin Investments transferred a single-family house at 1014 17<sup>th</sup> Street, West Palm Beach, Florida, to Five Star for \$10. **Exhibit 25** is a true and accurate copy of the Quit Claim Deed. Ayin Investments had purchased the house for \$32,000 in January 2014. **Exhibit 26** is a true and accurate copy of the Warranty Deed.

25. On May 6, 2014, Ayin Investments transferred a single-family house at 1103 18<sup>th</sup> Street, West Palm Beach, Florida, to Five Star for \$10. **Exhibit 27** is a true and accurate copy of the Quit Claim Deed. Ayin Investments had purchased the house for \$45,500 in December 2013. **Exhibit 28** is a true and accurate copy of the Warranty Deed.

26. On May 6, 2014, Ayin Investments transferred a single-family house at 711 Division Avenue, West Palm Beach, Florida, to Five Star for \$10. **Exhibit 29** is a true and accurate copy of the Quit Claim Deed. Ayin Investments had purchased the house for \$15,900 in January 2014. **Exhibit 30** is a true and accurate copy of the Warranty Deed.

**Criminal Proceeding against Rodrigues**

27. On May 7, 2015, the U.S. Attorney's office in Boston filed a criminal complaint charging Rodrigues with visa fraud. On May 16, Rodrigues was arrested at the airport in Newark, New Jersey. On May 21, a federal magistrate in Newark placed Rodrigues under house arrest, subject to conditions that included compliance with the PI and Asset Freeze in this case. On June 1, Rodrigues was placed in custody in Massachusetts. On June 8, Magistrate Bowler

ordered that Rodrigues would remain in custody unless he posted a \$200,000 bond. On June 10, this Court entered the Order to Provide Accountings and Carve-Out (Dkt. #304), so that Rodrigues could obtain funds to post a bond. On June 26, Magistrate Bowler ordered that Rodrigues would be released on June 29 and placed under house arrest.

28. Rodrigues was not released on June 29, 2014. Instead, he remained in jail for nearly two additional weeks because of a warrant for his arrest in Brazil. (Brazilian authorities are investigating his role in TelexFree and another pyramid scheme, as well as possible tax evasion and failure to comply with a court order not to leave the country.) Rodrigues was released on July 11, subject to conditions that include compliance with the PI and Asset Freeze in this case.

Executed this 12<sup>th</sup> day of August 2015.

/s/ Scott R. Stanley  
Scott R. Stanley  
Securities and Exchange Commission  
33 Arch Street, 23rd Floor  
Boston, MA 02110